

Weekly Economic Review

Monthly improvement in earnings

Average Weekly Earnings

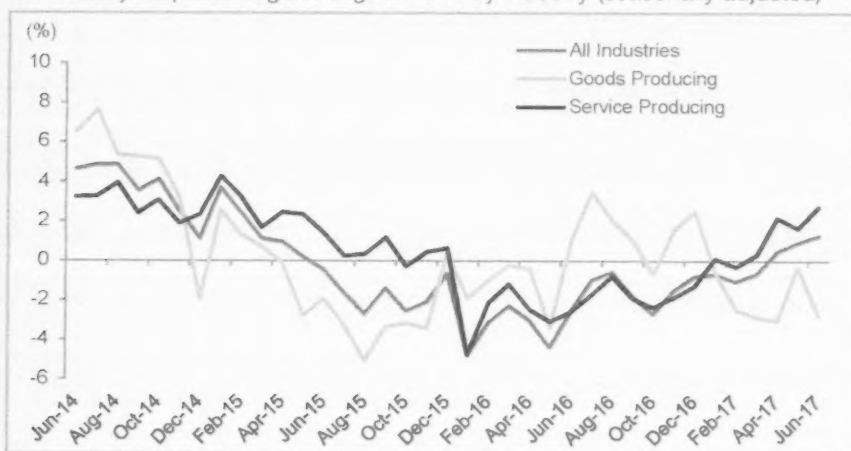
Earnings rebound

Average weekly earnings (AWE) picked up in June. They came in at \$1,132, the highest level so for this year. The increase was led by the goods sector, where both utilities and construction posted gains. AWE in the service sector bounced back after a blip in May. Earnings in management of companies jumped,

with administrative and support, accommodation and food, and education services also increasing. On a year-over-year (y/y) basis, earnings improved 1.3%, supported solely by the service sector (+2.7% y/y, Chart 1). The goods sector (-2.8% y/y) remained below 2016 levels.

Chart 1: Earnings growth led by service sector

Year-over-year percentage change in AWE by industry (seasonally adjusted)



Source: Statistics Canada

Chart 2: Employment opportunities growing

Monthly change in job vacancies (3-month moving average)



Source: Statistics Canada

Alberta Activity Index

Economic activity retains vigour

The Alberta Activity Index (AAX) sustained most of last month's gain. Economic activity dipped 0.4% in June, after growing around 2% in May. Compared to a year ago, the AAX was up 7.7%, recovering over three quarters of recessionary losses. The energy sector remained the biggest contributor to Alberta's economic activity, driving over a third of the AAX growth. The labour market made a stronger comeback in June, while general business activity in the province marginally cooled off.

Job Vacancies

Job openings continue to increase

The number of open employment positions continues to grow in Alberta (Chart 2). The number of job vacancies in the three-month period ending in May rose by 1,000 to reach 28,900. With vacancies on the rise, the unemployment to job vacancy rate reached a twelve-month low. There are currently 7.3 unemployed Albertan's for every job opening in the province, down from the peak of 8.4 in late 2016.

Crude Oil Production

Production outage subsides

Alberta oil production continues to increase as the effects of production outages subside. Crude oil production in June increased 3.4% month-over-month (m/m), driven by higher synthetic oil

(+7.8% m/m) as operations at the Syncrude's Mildred Lake upgrader were resuming following an explosion and fire in mid-March. The facility was expected to return to full production by August. Bitumen production increased 1.9% m/m, while conventional production ticked up 0.3% m/m. Compared to the previous year, oil production was 24% higher, partly a result of the production disruptions caused by the Fort McMurray wildfires which depressed last year's levels.

Metres Drilled

Drilling activity strong

Drilling activity in Alberta remains solid, despite slowing from the torrid pace set earlier in 2017 (Chart 3). Metres drilled in June increased by 455 thousand

metres from June 2016. The largest increase was in conventional oil, which accounted for half of the jumped in total metres. Bitumen drilling remained strong, while natural gas was near the June 2014 level. Similarly, the total number of completed wells was higher than a year ago, led by greater numbers of conventional oil wells.

Rigs Drilling

Activity easing

Rig activity in Alberta has slowed but remains higher than a year ago. The number of active rigs in Alberta averaged 126 rigs in August. This was an increase of 67% compared to a year ago. As a result, the rig utilization rate edged up to 29%. Across the rest of Canada, the rig count increased 46% y/y to total 62 rigs.

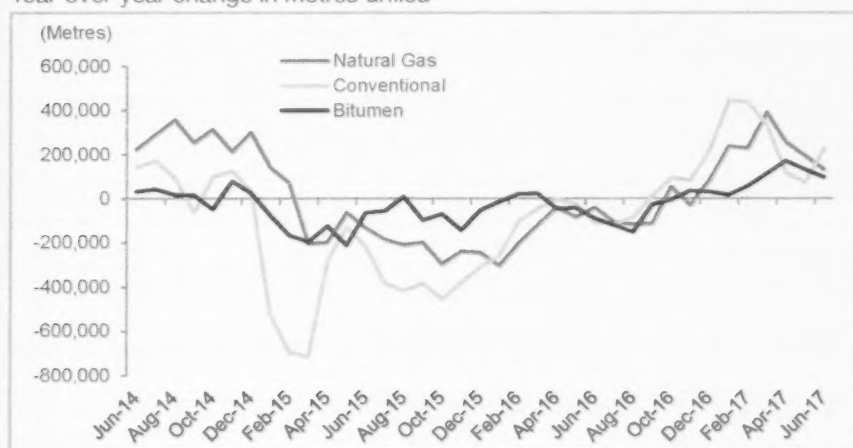
In the US, the average number of active rigs slipped to 947 rigs in August; this was the first monthly decline since May 2016.

Canadian Real GDP by Expenditure

Energy exports boost Canadian economic growth

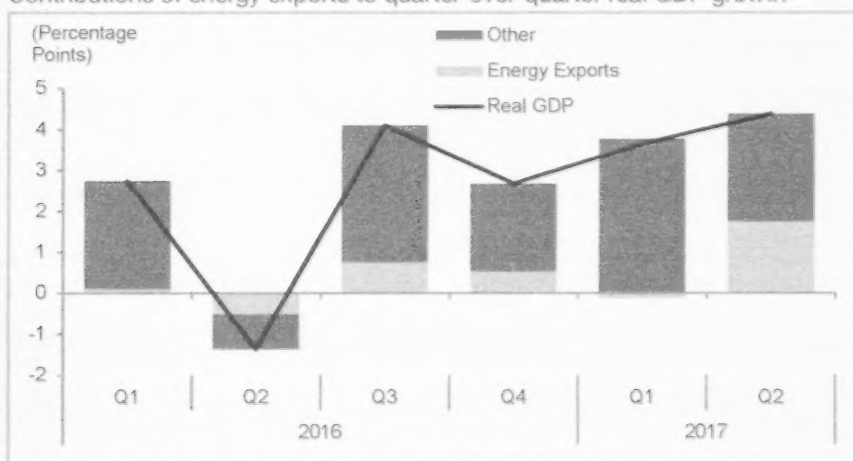
Canadian economic growth accelerated in the second quarter to the fastest pace in six years as energy exports surged. The Canadian economy expanded at 4.5% annualized rate, up from 3.7% in the first quarter (Chart 4). The acceleration was led by increased energy exports (+9.2% q/q), which accounted for around one-third of the economic growth. Most other areas contributed to growth in the second quarter, with only residential investment declining. Overall, this has been the strongest start to a year for Canadian economy since 2002.

Chart 3: Metres drilled moderates but continues to make gains
Year-over-year change in metres drilled



Source: Alberta Energy Regulator

Chart 4: Energy exports fuel Canadian economic growth
Contributions of energy exports to quarter-over-quarter real GDP growth



Source: Statistics Canada

Please see the [Alberta Economy - Indicators at a Glance](#) for a snapshot of Alberta indicators.

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